

Message Text

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PAGE 01 LISBON 02802 071431Z
ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 DODE-00
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FM AMEMBASSY LISBON
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E.O. 11652: N/A
TAGS: EINV, PO
SUBJ: SUMMARY OF AMERICAN INVESTMENT PROBLEMS

REF: (A) LISBON 2558, (B) LISBON 2322, (C) LISBON 2262,
(D) LISBON 1694

1. APPLIED MAGNETICS (AM). REF A. ON APRIL 6 HAROLD BAILEY
OF AM AND EMBASSY OFFICERS MET SIMULTANEOUSLY WITH FINANCE
MINISTER MEDINA CARREIRA AND LABOR MINISTER MALDONADO GONELHA.
BAILEY RETRACED EVENTS WHICH LED TO CURRENT SITUATION AND
EMPHASIZED DESIRE ACHIEVE AMICABLE SETTLEMENT. HE SPECIFICALLY
ASKED THAT TAX REBATES PAYABLE TO THE COMPANY BE USED TO
HELP FINANCE AM DEBT TO ESPIRITO SANTO BANK, LEAVING OTHER
DEBTS TO BE SETTLED IN A SUBSEQUENT STAGE FROM PROCEEDS
OF MACHINERY SALE. MINISTER NOTED THAT THEY DID NOT KNOW
EXACT LEGAL STATUS OF COMPANY AND ITS MACHINERY. OWNER OF
BUILDING WHERE FACTORY HAD BEEN LOCATED HAS APPEALED TO
COURTS FOR PAYMENT OF RENTS. COURT HAS ORDERED MACHINERY
SOLD. (BAILEY SUBSEQUENTLY LEARNED THAT COMPANY SELECTED
TO ARRANGE SALE PLANS TO AUCTION THE MACHINERY ON TUES-
DAY, APRIL 12,) SINCE COURT NOW HAS JURISDICTION OVER
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PAGE 02 LISBON 02802 071431Z

CASE, MINISTERS SAID THEY COULD NOT INTERVENE DIRECTLY.
THEY ADVISED BAILEY TO APPOINT LOCAL LEGAL REPRESENTATIVE
WHO COULD DETERMINE COMPANY'S EXACT LEGAL STATUS AS WELL
AS RESOLVE COMPANY'S DEBTS AND TAX REBATE. MINISTERS
NOTED THAT THEY COULD NOT OBLIGE BANK TO ACCEPT GOVERNMENT-
DETERMINED PAYMENT PROCEDURE OF ITS DEBT, BUT PROMISED
TO USE THEIR GOOD OFFICES TO FIND A SATISFACTORY SOLUTION.

THEY STRESSED THAT THEY WOULD ACT PROMPTLY AND WOULD ENFORCE THE LAW VIGOROUSLY. BAILEY ASKED IF THAT MEANT COMPANY COULD, UNLIKE IN 1975, FINALLY TERMINATE COMPANY'S LEGAL STATUS IN PORTUGAL BY DECLARING BANKRUPTCY. MINISTERS AGAIN INSISTED THAT COMPANY NEED ONLY FOLLOW ESTABLISHED LEGAL REQUIREMENTS. THEY GUARANTEED THAT THE LAW WOULD BE FOLLOWED. MEETING ENDED ON HIGHLY CORDIAL TONE.

2. ITT: REF A. LUKE SCHEDULED TO MEET WITH MINISTER OF INDUSTRY APRIL 7. EMBASSY WILL REPORT DEVELOPMENTS.

3. GENERAL INSTRUMENTS LUSITANA (GIL). REF B. THE GIL BOARD OF DIRECTORS IN NEW YORK REPORTEDLY HAS ACCEPTED, IN PRINCIPLE, THE MEMORANDUM OF UNDERSTANDING SIGNED BETWEEN ITS VICE PRESIDENT AND GOP OFFICIALS IN EARLY MARCH. GIL VICE PRESIDENT SHUH WILL RETURN TO LISBON ON APRIL 12 TO NEGOTIATE THE DETAILS OF A FINAL AGREEMENT. APPARENTLY GIL, ALTHOUGH STILL HOPING TO DISMISS APPROXIMATELY 250 WORKERS, IS DISPOSED TO INSTALL A NEW LINE OF PRODUCTION.

4. TWA. REF C. TRANS WORLD AIRLINE (TWA) HAS APPLIED FOR PERMISSION TO INITIATE OPERATIONS AT LAJES AIRPORT DURING THIS COMING SUMMER. THE DIRECTOR OF CIVIL AVIATION HAS NOT RESPONDED. THE MINISTRY OF FOREIGN AFFAIRS REPORTS THAT THE ISSUE IS STALLED IN THE OFFICE OF THE MINISTER OF TRANSPORTATION AND COMMUNICATIONS RUI VILAR. MINISTER VILAR ALLEGEDLY DOES NOT OBJECT TO TWA OPERATIONS IN LAJES, BUT BELIEVES THAT CURRENT CIVIL AVIATION ARRANGE-

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PAGE 03 LISBON 02802 071431Z

MENTS DISCRIMINATE AGAINST THE PORTUGUESE NATIONAL AIRLINE. AMBASSADOR CALLED FOREIGN MINISTER MEDEIROS FERREIRA'S OFFICE FOR APPOINTMENT TO DISCUSS THIS ISSUE. WHEN MINISTER FAILED TO RESPOND TO THIS REQUEST, AMBASSADOR RAISED TWA PROBLEM WITH PRIME MINISTER SOARES. LATTER PROMISED TO LOOK INTO ISSUE QUICKLY IN ORDER ACHIEVE SOLUTION. AMBASSADOR HAS PHONED MINISTER VILAR'S OFFICE FOR APPOINTMENT. FONMIN HAS NOW SET APPT. FOR APR. 12.

5. WORKERS COMMISSION CREDENTIALS. REF D. MINISTRY OF LABOR ON MARCH 30 EXTENDED VALIDITY OF WORKER COMMISSION CREDENTIALS CURRENTLY IN FORCE. WORKERS COMMISSIONS CAN THUS CONTINUE TO MANAGE FIRMS OVER WHICH THEY HAVE CONTROL. THIS DECISION COULD AFFECT SUCH COMPANIES AS MUELLER-MONTAGEM, CONFECOES LUSAS (CONLUS), A.H. LUNDBERG, CUETANA BOLACHAS DE PORTUGAL AND LATRIQUE. CARLUCCI

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Message Attributes

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Copy: SINGLE
Sent Date: 07-Apr-1977 12:00:00 am
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Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Date: 22 May 2009
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Disposition History: n/a
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